
JPMorgan Chase and Jeffrey Epstein Were Both Involved in a Strange Offshore Company Called Liquid Funding

By [Pam Martens and Russ Martens](#): May 24, 2023 ~

This Friday and Saturday, JPMorgan Chase's Chairman and CEO, Jamie Dimon, is scheduled to sit for some very uncomfortable questioning in a deposition concerning what role he played in allowing his bank to serve as a vast cash conduit for Jeffrey Epstein, which enabled Epstein to perpetuate his sex trafficking of underage girls.

The Attorney General's office of the U.S. Virgin Islands (USVI) has filed [a federal lawsuit](#) against JPMorgan Chase that makes devastating charges against the largest bank in the United States. It alleges that JPMorgan Chase sat on a mountain of evidence that Jeffrey Epstein was running a child sex trafficking ring as it continued to keep him as a client; accept his lucrative referrals of wealthy clients; and provided him with large sums of cash and wire transfers to pay off victims – one of whom was a “14-year old sex slave.”

The case is USVI v JPMorgan Chase Bank N.A. (22-cv-10904) in U.S. District Court for the Southern District of New York. Epstein was found dead in his jail cell at the Metropolitan Correctional Center in Manhattan on August 10, 2019. His death was ruled a suicide by the New York City Medical Examiner.

The lawsuit contains deeply disturbing new information about a former top JPMorgan Chase bank executive's close personal relationship with Epstein. The lawsuit reveals that Jes Staley, the head of JPMorgan's Private Bank at the time, “exchanged approximately 1,200 emails with Epstein from his JP Morgan email account.” Several of the emails contained photos of young women in seductive poses and others further “suggest that Staley may have been involved in Epstein's sex-trafficking operation.” For example, the lawsuit states the following:

“In July 2010, Staley emailed Epstein saying ‘That was fun. Say hi to Snow White[,]’ to which Epstein responded ‘[W]hat character would you like next?’ and Staley said ‘Beauty and the Beast.’ ”

There were other giant red flags which the bank chose to ignore as it maintained Epstein's accounts. The complaint reveals the following:

“Between 2003 and 2013, Epstein and/or his associates used Epstein's accounts to make numerous payments to individual women and related companies. Among the recipients of these payments were numerous women with Eastern European surnames who were publicly and internally identified as Epstein recruiters and/or victims. For example, Epstein paid more than \$600,000 to Jane Doe 1, a woman who—according to news reports contained in JP Morgan's due diligence reports—Epstein purchased [as a sex slave] at the age of 14. Like other women who received payments from Epstein, Jane Doe 1 listed Epstein's apartments on 66th Street in New York City as her address, which should have been a red flag to JP Morgan.

“Epstein and/or his associates also made significant cash withdrawals and 95 foreign remittances with no known payee. For example, Hyperion Air, Inc.—the Epstein-controlled company that owned Epstein's private jet—issued over \$547,000 in checks payable to cash purportedly for ‘fuel expenses when traveling to foreign countries.’ Additionally, between January 2012 and June 2013, Hyperion converted more than \$120,000 into foreign currency. Many of these cash withdrawals either exceeded the \$10,000 reporting threshold or were seemingly structured to avoid triggering the reporting requirement. This is particularly significant since it is well known that Epstein paid his victims in cash.”

According to the lawsuit, none of these brazen red flag transactions were reported by the bank to the Financial Crimes Enforcement



*Jamie Dimon Being Sworn
In at House Financial
Services Committee
Hearing, May 27, 2021*

Network (FinCEN) as required by law, but were characterized internally as “reasonable, normal, and expected for the type of business or industry in which the client engages.”

Staley also visited Epstein while he was serving his jail time in Florida after pleading guilty in 2008 to soliciting and procuring a minor for sex. Epstein received an outrageously cozy work-release program in that matter. Staley also made numerous visits to Epstein’s private island in the Virgin Islands.

JPMorgan Chase serviced Epstein’s accounts from 1998 to 2013 – a full five years after his conviction in Florida for procuring sex with a minor and his having to register as a sex offender.

Jamie Dimon’s upcoming deposition in the Epstein matter has been making headlines for more than a month. But there is another tie between JPMorgan Chase and Epstein that has received scant media attention.

Jeffrey Epstein presided over a \$6.7 *billion* offshore company as its Chairman from November 9, 2001 to at least March 19, 2007, a period during which he was later accused by the U.S. Department of Justice of committing sex trafficking crimes against minors. The company is Liquid Funding Ltd. and it had two offshore connections: it was incorporated in Bermuda on October 19, 2000 by the Appleby law firm, [known for setting up offshore companies](#) in tax havens like the Isle of Man, Guernsey, Cayman Islands, and Jersey. Liquid Funding’s investment manager was Bear Stearns Bank Plc in Dublin, Ireland – a non-U.S. regulated institution, which was later merged into JPMorgan Bank Dublin.

The information came to light as a result of a database created by The International Consortium of Investigative Journalists containing files leaked in 2017 from the Appleby law firm. The trove became known as the Paradise Papers.

A Securities and Exchange Commission filing by Bear Stearns, prior to its collapse in 2008, indicated that Bear Stearns owned 40 percent of Liquid Funding Ltd.’s equity but the owners of the other 60 percent remain a mystery. The ratings firm, Fitch, reported in 2006 that the company had \$6.7 *billion* in outstanding liabilities. What those liabilities consisted of and who paid them off when Bear Stearns collapsed remains largely unknown.

A Moody’s report issued in 2004 revealed that JPMorgan Chase, Bank of America and Natexis Banque Populaire extended Liquid Funding a \$250 million liquidity facility. Deloitte was listed as its auditor. JPMorgan Chase is also listed as its “Security Trustee.” The large corporate law firm, Sidley Austin, was its legal counsel.

We previously reached out to JPMorgan, Sidley Austin and Deloitte seeking information on how Epstein came to chair the company and requesting additional details. We did not receive a response from any of the three.

Both Fitch and Moody’s credit rating agencies gave the medium-term notes to be issued by Liquid Funding a AAA-rating as well as gave it a AAA-rating as a counterparty. And, notably, both ratings agencies gave its commercial paper a Tier 1 rating, meaning that it could end up in money market funds purchased by average Americans seeking a low-risk, liquid investment.

While the ratings agencies acknowledged that they understood the entity could issue up to \$20 *billion* in various instruments, Fitch reported in 2006 that “Liquid Funding is capitalized with \$37 *million* in drawn equity commitments and \$63 *million* in undrawn equity commitments....”

As a result of those top ratings on Liquid Funding’s paper, it ended up in two of [JPMorgan’s money market funds](#), which held a total of \$100 million, as well as in numerous other money market funds, including Wachovia’s Evergreen money market funds, which announced in mid-September of 2008, during the peak of the financial crisis, that it was bailing out three of its money market funds in order to keep them from breaking the buck. Wells Fargo purchased Wachovia a few weeks later.

The amount of toxic debris that had parked itself in supposedly safe money market funds in 2008 led to unprecedented action by the U.S. Treasury, which had to step in with [a guarantee plan](#) after a run commenced when it was learned that the bankrupt Lehman Brothers had sold its instruments to money market funds.

Bear Stearns collapsed in March of 2008 and was purchased by JPMorgan Chase. The report from the Financial Crisis Inquiry

Commission (FCIC) detailed that the Federal Reserve Bank of New York had created a Special Purpose Vehicle called Maiden Lane LLC that used proceeds from a \$28.82 *billion* senior loan from the New York Fed and a \$1.15 billion loan from JPMorgan Chase to purchase approximately \$30 billion of Bear Stearns' toxic assets on which JPMorgan Chase wanted the Fed to bear the brunt of any losses.

The FCIC report also revealed this about Bear Stearns' accounting practices:

“At the end of each quarter, Bear would lower its leverage ratio by selling assets, only to buy them back at the beginning of the next quarter. Bear and other firms booked these transactions as sales—even though the assets didn't stay off the balance sheet for long—in order to reduce the amount of the company's assets and lower its leverage ratio. Bear's former treasurer [Robert] Upton called the move ‘window dressing’ and said it ensured that creditors and rating agencies were happy. Bear's public filings reflected this, to some degree: for example, its 2007 annual report said the balance sheet was approximately 12% lower than the average month-end balance over the previous twelve months.”

When the [GAO report](#) on the Fed's bank bailouts during the financial crisis was released in 2011, it revealed that the Fed had secretly sluiced over \$16 *trillion* in cumulative loans to both domestic and foreign banks, all linked together in a daisy chain of derivatives and off-balance-sheet toxic assets. It also showed that the Fed's emergency bailout loans had begun in December of 2007, long before the public became aware of the banking crisis. The Fed's emergency loans lasted until at least July 2010 according to the GAO.

In addition to the publicly known support to Bear Stearns from the New York Fed, the GAO audit revealed that the Federal Reserve had provided another \$853 *billion* in secret loans to Bear Stearns; \$851 billion from its Primary Dealer Credit Facility (PDCF) and \$2 billion from its Term Securities Lending Facility (TSLF). A download of the PDCF spreadsheet from the Fed shows that Bear Stearns continued to receive bailouts from the Fed until June 23, 2008.

Was Liquid Funding Ltd., the entity chaired by Jeffrey Epstein, part of the Bear Stearns' bailout by the Federal Reserve? An announcement by Moody's rating agency on April 18, 2008 raises that suspicion. It states that “all outstanding rated liabilities” of Liquid Funding Ltd. have been “paid in full.” Moody's [explained](#) this as follows:

“...the withdrawal of the three ratings was in response to Liquid Funding's request for withdrawal, in connection with the voluntary wind-down of Liquid Funding and following the payment and satisfaction in full of all outstanding rated liabilities of Liquid Funding. According to the Outstanding Detail Report issued by JPMorgan as of April 7, 2008 in its capacity as trustee, none of the rated debt issued under the global medium-term note program or the commercial paper note program was outstanding as of that date. Additionally, the Program Outstanding Report issued as of April 8, 2008 by the Bank of New York Mellon in its capacity as trustee showed that all transactions for which Liquid Funding was serving as counterparty have matured or been terminated.”

The leaked documents from Appleby show that Liquid Funding was resurrected by JPMorgan Chase in 2011 – three years after it had purchased Bear Stearns.

According to the leaked documents, Liam MacNamara became Chairman of the Board of Liquid Funding on September 27, 2011 with an address of JPMorgan Bank Dublin Plc, 1 George's Dock, Dublin, Ireland. According to the 2011 annual report of JPMorgan Bank Dublin, Liam MacNamara was its CEO at the time. MacNamara had apparently survived the ax when JPMorgan purchased Bear Stearns in 2008, when he had been joint chief executive of Bear Stearns Bank Plc, part of Bear's operations in Ireland, and the entity that was named investment manager for Liquid Funding.

In March of 2019, the Irish Times reported that the JPMorgan Bank in Dublin “employs about 530 people” and had moved to new headquarters at 200 Capital Dock, with “the capacity to accommodate 1,100 workers.” The newspaper noted that Jamie Dimon was scheduled to officiate at the grand opening of the new headquarters. The bank is now called J.P. Morgan Bank (Ireland) Plc.

JPMorgan Bank (Ireland) has roots dating back to 1919 and merged Bear Stearns Bank Plc in Ireland into JPMorgan Bank (Ireland). JPMorgan Chase bragged on its website in 2019 that the bank “is the only EU passported bank in the non-bank chain of J.P. Morgan

and provides the firm with direct access to the European Central Bank repo window.”

In June 2019, the [Central Bank of Ireland fined a unit of JPMorgan Bank](#) (Ireland) \$1.8 million for myriad violations, including “failure to have adequate control systems.”

Of course, when a bank has already [received an unprecedented five criminal felony counts](#) (to which it admitted guilt) from the U.S. Department of Justice, a \$1.8 million fine is little more than a mild slap on the wrist.

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